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## Fourth Quarter and Fiscal Year 2022 Earnings Conference Call

## July 29, 2022

## CORPORATE PARTICIPANTS

**Jennifer Bath, Ph.D.,** *Chief Executive Officer and President*

**Lisa Helbling,** *Chief Financial Officer*

**Brad McConn,** *Vice President of Finance*

## PRESENTATION

**Operator**

Welcome to IPA's Fourth Quarter and Fiscal Year End Earnings Conference Call.

Also on the call with me today are Jennifer Bath, Chief Executive Officer, Lisa Helbling, Chief Financial Officer, and Brad McConn, Vice President of Finance.

Before we get started, some statements we make today may be considered forward-looking statements for the purpose of applicable United States and Canadian security laws. IPA cautions that these forward-looking statements are subject to risks and uncertainties and may cause actual results to differ materially from those indicated in these forward-looking statements. Additional information about these risks and uncertainties is included in our SEC filing. IPA undertakes no obligations to update these forward-looking statements, except as required by law. On today's conference call, non-GAAP financial measures will be used to help investors understand IPA's business performance. We refer current and potential investors to the forward-looking information section of its Management's Discussion and Analysis issued today at www.sedar.com and on EDGAR at www.sec.gov. Following our prepared remarks, we'll enter investor-submitted questions.

With that, I'll now turn the call over to Dr. Bath.

**Dr. Jennifer Bath**

Thank you, Chantel, and good morning, everyone. Thank you for joining us today.

I'll provide perspective on our Company's background and overall performance, as well as our quarterly and year-end business highlights, pipeline progress, financial results, and IPA's goals for 2023 in more detail. For those who have been following IPA's story, you're aware of our transformation in stage one of our strategic plan. Just a few years ago, we executed on a massive organizational and operational restructuring. We later focused on our commitment to transform traditional drug discovery and unveiled transformative technology, reducing timelines, increasing efficiencies, and providing diverse and clinically relevant therapeutic products.

Our persistent strive to transform the industry guided multiple strategic acquisitions, each instrumental in setting a new standard for distinctly end-to-end capabilities and ultimately the foundation for IPA's public recognition as the top-ranked global contract research provider by the reputable Roots Analysis.

Our first acquisition of U-Protein Express, or UPE, added manufacturing expertise for expressing even the most challenging of proteins, outputs utilized throughout every step of antibody discovery and development. With over 10 years of commercial experience at the time of acquisition, as well as its expertise in both high throughput small-scale and large-scale preclinical manufacturing, the acquisition of UPE enabled us to bring critical components of end-to-end services in-house, while adding advanced capabilities in the expression of contemporary antibody formats such as monoclonals, bispecifics, trispecifics, VHH, scFvs, and shark antibodies.

IPA's second acquisition was the highly reputed ModiQuest Research, specializing in trusted antibody-display technologies and downstream antibody engineering and optimization, extending IPA's support of client services even further.

These strides set the stage for IPA as a company looking to pave the way in antibody contract research by setting a standard for purposeful end-to-end capabilities, as well as accountability for scientific rigor, technological outputs, and sustainable therapies. Request for IPA's discovery services continue to ramp, with double digit year-over-year revenue increases at both discovery sites, and requests not only from pharma, but increasingly from many of our competitors, whose services still retain the substantive gaps.

IPA's vision continues to bear fruit through its actions. Our team understands the intricacies of the industry, the market, existing and future technologies and their overarching trends. Our ability to set the course by identifying and integrating disruptive technologies continues to blaze new paths in our industry. This brings us to phase two of IPA's strategy.

IPA is certain that the future of drug discovery lies in the ability to combine meaningful laboratory outcomes with intelligently coded algorithms to discover safe and effective personalized medicines. Years of market research and due diligence, including evidence-based research, culminated in the last quarter with the acquisition of BioStrand, a company that has since been rated by StartUs Insights as the top five global bioinformatics startup. BioStrand combines what we refer to as intelligent coding through the indexing of patent-pending data objects called HYFTs with rapid and actionable output. In short, HYFTs are biological fingerprints identified and isolated by Dr. Van Hyfte, co-founder of BioStrand.

HYFTs are indexed and, therefore, pre-computed, which greatly alleviates the computational workload of multiomics analysis. HYFTs connect sequences to unstructured data, such as scientific publications, through our proprietary LENSai NLP engine.

With our enhanced competitive advantage, IPA is dedicated to merging intelligence systems thinking with leading lab technologies that yield highly specific antibodies directed at individualized patient genetic mutations. This has the potential to enable not only more effective therapies, but to eliminate unwanted adverse events, such as those observed during chemotherapies.

A major challenge in personalized medicine is, in part, software limitations for the rapid and in-depth analysis of tremendously large data sets and the analysis of genes-to-disease relationships as core concepts. This is where the power of HYFTs revolutionized the coding of algorithms, enabling the world's only single-software multiomic analysis platform, as well as analysis and retrieval of corresponding data in seconds or minutes, compared to months or even years with other software depending on the complexity of the project. This includes the correlation of data which would otherwise not likely be identified and yet is meaningfully related based on unseen commonalities within HYFTs.

IPA may be swimming against the popular current of present-day thinking regarding coding and data analytics, but we stand firmly behind the belief that the present-day conversation has been misdirected, as data analysts and investors were historically not aware of the possibility to code and index these data objects like HYFTs and data objects. But HYFTs are putting forward this opportunity.

While in recent history, companies such as IBM, Microsoft, Google, and Honeywell have invested aggressively in quantum computing, we maintain that largescale and actionable data analysis and insights aren't about brute force, nor about how much data can be stored. It isn't reliant on coding more complex algorithms on higher energy usage or even on better and faster computers. It's about intelligent coding and, ultimately, about the indexing of HYFTs and the ability to correlate their relationship to disease in the context of a system.

If you'd like more details on HYFTs and how they're transforming data analytics and drug discovery, please do reach out and schedule a call with us. We'd be happy to explain in more detail.

Before we get too far down that exciting path, I'd like to turn our attention to the fiscal year and quarterly financials update. Our performance this quarter tops off another excellent year for IPA, with record revenues both for the quarter and the year-end. The business continues to increase steadfastly, delivering full Fiscal Year 2022 revenues of more than $19.3 million, up 8.1% overall from Fiscal Year 2021. Revenue Growth rises to a 15.9% increase when analyzing revenue solely from the CRO services. In other words, without last year's Talem out-licensing.

These results demonstrate our continued trend of site profitability and an increase in performance across each of our subsidiaries, including double digit operational revenue growth from our discovery sites, posting increases of 24.4% in Oss, and 16% at our Victoria site. The only CRO location without double-digit revenue increases is Utrecht, our manufacturing site, which is operating at maximum capacity due to space limitations. Despite this, they continue to deliver increased profitability and are on target for transitioning to their new production facility this October. The new facility will double their lab space and provide ample room for future growth.

The proven track record of growth, combined with the new and novel technologies that position IPA for the future, has Company insiders confident in the direction of the business. This can be demonstrated by the amount of insider buying during 2022. Despite being in a blackout since mid-May, insiders have purchased over 80,000 shares, representing a total investment of over one-half of a million.

We'd like to turn our discussion to our strategic marketing goals now, which we recently defined and commenced with new marketing leadership. The marketing plan set forth to position IPA as a market leader introduced new, differentiating AI technology and scale across all verticals to support fast-growth expectations. Key milestones and value drivers include the launch of a world-class IPA brand, including the integration of BioStrand; the seeds of a new narrative on the market; and a blueprint for a scalable marketing operational model with a robust digital and social media engine.

At the end of the fourth quarter began the strategic shift on an IPA website overhaul that will enable full digital ecosystem and CMS integration. We'll provide real-time metrics, inspire robust audience engagement and lead generation that will automate commercial activity and track conversions and ensure nimble content and asset updates. IPA's operations is bursting with new activities to share with its stakeholders, and we're excited to have the opportunity to share some of these here today.

After years of planning licenses and approvals, our newly built vivarium at our site in Victoria, British Columbia became fully operational this week. This new facility supports and enhances IPA's ability to optimally perform our unique and proven immunization techniques that are vital to our differentiated antibody campaigns. The vivarium now has doubled the square footage of usable space and includes an additional procedure room which enables new service offerings, including our long-awaited entry into preclinical services, effectively expanding our already comprehensive suite of offerings.

We've mentioned on numerous occasions our leading wet-lab technologies, such as our B cell Select that yields highly diverse and specific antibodies. These capabilities have been optimized over the past 15 years, now yielding industry-leading results, and IPA is poised to soon present a workflow in which highly characterized clones from our renowned function-first platforms are analyzed and phylogenetically overlaid with what is known as a sequence repertoire. Using functional data in conjunction with BioStrand's LENSai software, IPA can theoretically, in an unprecedented move, identify patterns that predict functional outcomes. To our knowledge, IPA would be the first and only company with a comprehensive B cell workflow that can interrogate memory B cells, plasma B cells, and leverage their data output to identify additional lead candidates from next-generation sequencing, or NGS B cell repertoire.

Because of IPA's vertical integration, this workflow will grow all aspects of IPA's core end-to-end services, especially for high-profit-margin services such as protein expression and biophysical characterization, and lead candidates identified through sequence analysis require wet lab verification. NGS is a technology that identifies

DNA or RNA sequences to explore genetic variations linked to disease or other biological phenomenon. Using several samples and hundreds of thousands of genes, NGS makes it possible to uncover and analyze a variety of genomic characteristics in a single sequencing run. While most NGS efforts are directed toward decoding and analyzing human and mouse repertoires, we are excited to announce today that IPA has custom-developed a multi-species NGS platform to analyze novel sequence from many antibody reference genomes, such as rats, chickens, rabbits, llama and sharks. This platform also enables cross-species and multiomic HYFT analysis using our LENSai software, with the aim of providing novel, functional insights early in the discovery process. This newly built custom platform is a stepping stone for IPA's future AI endeavors, as it formalizes a pathway from the lab to AI-supported antibody analysis and a seamless workflow that will soon be made available to IPA clients.

Continuing on the theme of new operational activities, we've shared previously how our present discovery and development workflows result in a progression of successful candidates to ultimately third parties for preclinical and clinical manufacturing for use in IND enabling and human studies. Capturing this market would enable us to support our loyal clients from concept all the way to the clinic, and our existing workflow has been purposely designed to smoothly transition these lead molecules into clinical manufacturing. We're pleased to announce today that The National Growth Fund of the Netherlands has granted funding to the Oncode-PACT, of which IPA is an active and prominent partner in the biologics stream. In addition to funding preclinical research programs and GMP manufacturing projects, the stream also includes a dedicated investment toward a Netherlands-based GMP production facility for IPA.

To support our next stream of revenue growth, we have an exciting and diverse pipeline of promising new potential first-in-class and best-in-class antibody therapies to address critical unmet needs in various disease areas, including oncology, inflammatory diseases, cardiovascular diseases, and neural-related disorders. Notably, we have now—we now have ready-to-license opportunities from our pipeline, including TATX-114 and 24, as well as TATX-22 for hematologic malignancies, which has the potential to treat B cell lymphomas or acute myeloid leukemia.

Programs 24 and 114 address validated targets, which we pushed toward generating best-in-class and next-generation assets. For these two programs, we are in discussion with various companies to explore early-stage out-licensing options. The TATX-22 program, as well as programs 112, 20, and 21, address relatively unexplored targets and are the focus of the generation of potential first-in-class assets. In general, as with any first-in-class asset, these programs require comprehensive, in-depth proof-of-concept screening before moving to advanced out-licensing discussions. However, we are continuously exploring partnering options to further develop our first-in-class programs, and for TATX-22 and 112, we have ongoing co-development discussions with several potential partners.

The internal programs clearly benefit IPA's capabilities to characterize various antibody formats in an early stage of development. For example, we generated a set of biospecific antibodies by combining lead candidates from our TATX-24 program with a subset of track B (phon) lead candidates and used high-throughput screening methods to confirm intended biospecific binding activity. The development of these biospecific antibodies provides additional partnering and out-licensing opportunities through the generation of new assets.

One of our most advanced assets is clearly our TATX-03, anti SARS-CoV-2 antibody cocktail. COVID remains a topic of interest for most, and it's certainly not going away anytime soon. But why does COVID seem so less severe today? Mainly because people are building immunity through infections and vaccinations. However, at the same time, the virus is gaining fitness. As it continues to do so, we encounter increasingly concerning variants with immune-evasive and even immune-suppressive characteristics. On the flip side, the world is now very limited with respect to efficacious therapies that stand up to the more recent variants, such as BA.5.

In the past month, we published both pseudovirus neutralization, preclinical, and TMC (phon) updates on our lead anti-COVID candidate PolyTope, TATX-03, the four-antibody cocktail that acts synergistically against SARS-CoV-2 and its variants. We finalized the preclinical work and, as predicted, based on in silico modeling for binding to BA.2, our TATX-03 cocktail potently neutralizes the BA.2 variant, with the NIH currently performing additional variant screenings in the coming weeks. With respect to the final preclinical safety studies, we recently announced very positive safety outcomes.

The generation of GMP production cell lines are actually finished, and the first GMP batches of antibodies are being produced right at this moment. The retained efficacy of our product against now and newer—now that newer variants of concern underscore the potential for our product to address currently known SARS-CoV-2 variants of concern, and the strength of the intentional design of our cocktail. We believe that moving the product into the clinic as fast as we can is of great importance in the light of rising infection numbers due to Omicron subvariants. We are currently progressing well with our PolyTope TATX-03 submission to regulatory authorities and are still aiming for regulatory filing for approval of clinical studies in humans in Q3 of this calendar year.

Next to the ongoing conversations with the FDA, we are also in pre-filing communications with the EMA about the further development of TATX-03. We feel well-positioned to finalize our documentation for a clinical trial application and are hopeful to start the first-in-human studies by the end of this year.

Early this calendar year, we filed a patent covering PolyTope TATX-03, which will be published this coming week. Based on quite extensive data package for TATX-03, we elaborated on our finds in two new manuscripts to be submitted third quarter of this calendar year. Overall, we expect that the impressive data package will support our outreach efforts to attract partners for further development for out-licensing this unique product.

Lastly, regarding COVID, our collaboration with Elektrofi to generate a high-concentration formulation of PolyTope TATX-03 has gotten off to a great start. The first formulation and stability studies by Elektrofi show the PolyTope is highly amenable to their technology. The antibodies can be formulated to high-protein concentration as a mixture and remain stable under a variety of conditions. Finalizing studies are underway to determine the ultimate formulation, after which the product will be tested in vitro functional studies, and a very reduced number of preclinical bridging studies to support pre-IND discussions.

We've dedicated efforts this calendar year to the rapid development of a meaningful IP portfolio, including a U.S. provisional patent application pertaining to optimized antibodies against SARS-CoV-2 variants filed just this week. The portfolio consists of applications to the USPTO, PCT, or international patents, as well

as foreign non-PCT patent applications. In addition to the rapidly growing number of applications filed by Talem Therapeutics, with two additional applications for non-COVID Talem assets currently in preparation, IPA also acquired four families of patents from the BioStrand IP portfolio, spanning broad capabilities and multiple geographic regions.

With this, I'd like to now turn the call over to Lisa to discuss IPA's Fiscal 2022 financial results in more detail.

**Lisa Helbling**

Thank you, Jennifer, and good morning, everyone. I'm Lisa Helbling, IPA's CFO.

Unless otherwise noted, all numbers referred to are in Canadian dollars. I will start with a financial update with a review of the fourth quarter.

IPA achieved another record revenue quarter, with the Company's total revenue exceeding $5 million. The Company's total revenues of $5.2 million during the three months ended April 30, 2022, compared to $4.9 million in 2021, was up $400,000 or a 7.4% increase. Most notably, the Company's product sales revenue was $475,000 compared to $197,000, a $278,000 or 141% increase over the same period last year. The Company launched a new web shop during the year, contributing to the increase in product sales from the Company's online catalog, featuring products such as antibodies, enzymes and proteins.

The Company's gross profit was $3.3 million with a 63% gross profit margin, compared to $2.8 million and a 57% gross profit margin in 2021. The gross profit margins are within Management's expectations. The higher gross profit margin for this quarter is a result of the mix of business, with a higher percentage of sales from our Utrecht location that manufactures protein antibodies in various forms.

The Company's operating expenses for the quarter were $7.6 million compared to $5.9 million in 2021, an increase of $1.7 million. There were five expenses that primarily make up the increase, and I'll discuss these in order of the largest expense changes.

Professional fees increased to $1.5 million from $300,000 in 2021, primarily due to increased legal and accounting fees related to the acquisition of BioStrand. Consulting fees increased $545,000 in the fourth quarter due to advisors engaged to help the Company with its strategic activities.

Research expense increased to $900,000 from $600,000 in 2021 due to the Company's strategic investment in research, including the Company's SARS-CoV-2 PolyTope cocktail and other research project, most of which can be found on Talem's website.

Salaries and benefits totaled $1.9 million compared to $1.7 million for the same period last year, an increase of $273,000. The increase includes the addition of strategic leadership roles in sales and marketing and lab operations. Share-based payments of $786,000 is $536,000 lower than the same period last year. The decrease in expense is primarily due to vesting of option awards that were granted to employees on January 1, 2021.

Total other expense for the quarter was $82,000 compared to $913,000 in the prior year, a reduction in other expense of $831,000. Unrealized foreign exchange loss was lower in 2022 by $851,000. The unrealized foreign exchange loss is a result of currency revaluations of held U.S. dollars at the current quarter-end exchange rate.

This year, COVID-19 related subsidy income was nil compared to $448,000 in the Fiscal Year 2021. Included in other income in 2022 is $109,000 of gains related to an IPA investment. Further information can be found in the consolidated financial statements, Footnote number 8.

The Company recorded a net loss of $4.6 million for the quarter compared to a net loss of $5 million for the three months ended April 30, 2021. The Company achieved higher gross profits while incurring reduced unrealized foreign exchange losses and income tax expense, partially offset by higher professional and consulting fees.

I will next turn my attention to our full year results. The Company achieved record total revenues of $19.4 million during the Fiscal Year 2022 compared to a $17.9 million revenue in 2021, a $1.5 million or 8.1% increase. As Jennifer mentioned, during the Fiscal Year 2021, the Company, through its subsidiary Talem Therapeutics, sold its first and to-date-only internally generated therapeutic antibody asset. Excluding that sale, the Company's CRO business, the revenues in Fiscal Year 2021 would have been $16.7 million, resulting in an increase in our CRO revenue for the Fiscal Year 2022 of 15.9%.

The Company's project revenue was $17.4 million compared to $15.9 million last year, a 9.1% increase. Growth is driven primarily by the Company's B cell Select platform, with expansion in both the number and size of projects under contract, leading to revenue increases of $1.4 million.

Product sales during Fiscal Year 2022 totaled $1.7 million compared to $1.9 million last year, a decline of $245,000. The lower product sales relates to the Company's sale of that first internally generated therapeutic antibody asset in Fiscal Year 2021. In Fiscal Year 2022, the Company achieved product catalog sales of $1.7 million, a growth of $700,000 over last year. The Company launched that new web shop and gained new distributors.

The Company's gross profit was $11 million, with a 57% gross profit margin, compared to $11.5 million and a 64% gross profit margin in 2021. The gross profit margins are within Management's expectation. The higher gross profit margin during the Fiscal Year 2021 includes the sale of the first internally generated therapeutic antibody, the costs for which have been expensed as research in prior years as required by IFRS. Removing the impact of that asset sale, gross profit margin last year would have been 61.8%.

The Company's operating expenses on a year-to-date basis were $27.7 million compared to $19.1 million in 2021, an increase of $8.5 million. I'll discuss the changes in order of largest changes of expense. Our research expense increased to $6.7 million from $2 million in 2021 due to the Company's strategic investment in research, including the Company's SARS-CoV-2 PolyTope cocktail and other research projects, most of which may be found on Talem's website.

Professional fees totaled $2.6 million compared to $1.4 million during the prior year, an increase of $1,187,000, primarily supporting the acquisition of BioStrand. Insurance increased to $1.9 million from $700,000 in 2021.

The Company's D&O insurance premium increased as a result of our December 2020 listing on Nasdaq. Fiscal Year '22 has a full year of premium expense, where Fiscal Year '21 had four months of premium expense.

Salary and benefits totaled $6.6 million compared to $5.6 million for Fiscal Year '21, an increase of $981,000. The increase includes strategic leadership roles in sales and marketing to support the Company's growth, routine pay increases, and the addition of Director cash compensation that was effective after the Fiscal Year 2020 Annual General Meeting. Consulting fees totaled $1.2 million in 2022,

an increase of $877,000 over 2021. The Company expanded its use of consultants related to research and development, capital markets, and strategic initiatives.

Total other income for the Fiscal Year 2022 was $900,000 compared to $1.6 million in the prior year. Several items make up the $700,000 decline in other income. The Company recorded $75,000 in grant and subsidy income this year compared to $2.7 million in Fiscal Year 2021, primarily related to COVID-19 programs. Detailed information about the grant subsidy income can be found in Footnote 19.

The Company recorded unrealized foreign exchange gains of $631,000 this year compared to unrealized losses of $1 million in the prior year. This unrealized gain is result of currency revaluations of held U.S. dollars at the current quarter-end exchange rate.

Accretion expense in the current year is $261,000 more than Fiscal Year 2021 as the Company retired its final obligation related to deferred acquisition payments on May 3, 2020.

The Company recorded a net loss of $16.7 million for the Fiscal Year 2022 compared to a net loss of $7.3 million in 2021. The $9.4 million increased net loss is primarily due to the Company's investment in research and development, increase in professional and consulting fees, increased insurance costs, and higher salaries to support the Company's strategic plans and operations, along with lower grant and subsidy income.

Before I touch upon Adjusted EBITDA, I must caution the investor that Adjusted EBITDA is a non-IFRS measure. Do not place undue reliance on Adjusted EBITDA. I urge you to read all the IFRS accounting disclosures presented in our consolidated financial statements for the year ended April 30, 2022 and 2021. Adjusted EBITDA is Management's views of operating earnings. For the Fiscal Year 2022, the Adjusted EBITDA was a loss of $9.3 million compared to a gain of $2.3 million in 2021, a decline of $11.6 million. The decline in Adjusted EBITDA includes $4.7 million in investments in research and development, a decrease in grant and subsidy income of $2.7 million, increased professional and consulting fees of $2 million, increases in D&O insurance premium of $1.1 million, and increased salaries and benefits of $981,000.

I'll provide a few comments about IPA's liquidity. As of April 30, 2022, the Company held $30 million in cash and had working capital of $28.2 million. For the year, cash used in operating activities was $9.9 million. As part of our investing activities, the Company made equipment purchases of $1 million and used cash of $3.7 million towards the acquisition of BioStrand. As part of financing activities, the Company received $3.9 million from issuing common stock and made lease payments of $1 million dollars.

The Company continues to operate as a going concern and, according to Management's estimate, there's sufficient cash reserves to sustain existing operations and associated NASDAQ costs for at least one year.

Finally, we previously reported that on October 13, the Company established an at-the-market equity offering facility, which entitles the Company, at its discretion and from time to time during the term of the agreement, to sell through its agent, H.C. Wainwright & Company, common shares of the Company, having an aggregate gross sales price of up to US$50 million. At April 30, 2022 and as of today, US$50 million of the Company's stock remain available for sale under the ATM facility.

With that, I'll turn the call back to Jennifer and Chantel for questions and answers.

**Dr. Jennifer Bath**

Thank you, Lisa.

Before I add my closing remarks, I'd like to spend some time answering some of the questions that we've received from analysts and investors, so I'll go ahead and turn this back over to Chantel to take a look at those questions.

**Operator**

Thank you. Does IPA have enough funds to see PolyTope through the trials if it went along? What is the anticipated cost of the PolyTope go through all three FDA phases?

**Dr. Jennifer Bath**

First, IPA does not intend to take PolyTope TATX-03 past Phase 1 or 2a, as we fully anticipate, based on historical conversations, that the program will be sponsored or out-licensed upon receipt of some early Phase 1 data.

**Operator**

Does IPA have to reset the ATM that was set up? My understanding is the deal was expired. Can you elaborate?

**Dr. Jennifer Bath**

Sure. No, we do not need to reset the ATM. The ATM is a sale agreement that does not expire, nor does it require a renewed agreement, so it remains in place for IPA to use at its discretion, albeit we have no plans to do so in the near term.

**Operator**

Thank you. Does IPA have any plans to do a financing in today's prices?

**Dr. Jennifer Bath**

No, we do not have the intention of raising money anytime soon. Not only is our current cash sufficient to sustain our operations, of which our spend is mostly discretionary spend focused on R&D, but we also anticipate additional revenue streams and revenue generation through Talem and BioStrand this fiscal year.

**Operator**

Can you please provide us with an update on IR initiatives and how the Company plans to gain visibility this year?

**Dr. Jennifer Bath**

Sure. IPA, first of all, has internalized its IR efforts and established an effective relationship with a new external advisor firm. We've recently presented at three well-attended investor conferences, with live Q&A and one-on-one meetings, followed by two non-deal roadshows, live and virtual, to begin laying the foundation of IPA's story with new institutions and family offices with reputations for long-term investments.

We're presently transitioning our investor call to a new platform being tested for the first time today, actually, in particular in response to increased interest by several analysts so that we can address analyst investor questions in a live setting by Q2 of this fiscal year.

Lastly, we built out an investor calendar that takes us into this winter so far to assist us in building momentum with new investors and getting IPA's exciting story in front of new individuals.

**Operator**

Recently, at an investor conference, we heard you refer to natural language processing, or NLP, algorithms as meaning aware. What is meant by this?

**Dr. Jennifer Bath**

Yes, so when we refer to meaning aware, we mean that algorithms are enabling computers to understand the meaning of entire sentences, as opposed to only individual words or phrases. What it enables algorithms to do, then, is to capture the full meaning of the concept as opposed to only comparing words and phrases.

**Operator**

Our next question was submitted by Bob Wasserman with Benchmark. How is the Company integrating the recent BioStrand acquisition into its existing operations and service offerings?

**Dr. Jennifer Bath**

All right. Thanks for that question, Bob.

BioStrand services, they first were shared with select individuals, more specifically invited clients, starting early in May, which was actually just two weeks after the acquisition. BioStrand's capabilities were really well-received, and we fielded a lot of questions from curious and excited researchers, albeit, interestingly, initially, a couple were quite skeptical, as they explained that they had little success previously with companies claiming to have robust AI capabilities.

We moved on from there to integrate multiple offerings from BioStrand directly into our global capabilities deck, and sales for all services, including BioStrand, are now conducted by a single global sales team that's well-versed in both our wetland CRO services, and then also in BioStrand technologies as well. We have several clients now whose quoted workflows contain BioStrand technologies in both the CRO and in Talem and are looking forward to building robust case studies to share as further evidence of the power of how those combined capabilities manifest.

**Operator**

Bob Wasserman with Benchmark also asked, can you provide some color on recent new clients, if any, in the CRO business? Why do these new clients choose IPA, and what are they hoping to achieve?

**Dr. Jennifer Bath**

Sure, absolutely. In addition to adding further top 20 pharma companies as antibody discovery services clients this year, we also recently served several new mid-sized biotech clients, and both clients based on IPA's reputation and scientific rigor. We're looking for more innovative technologies and the right expertise to guide their programs to success. The new clients were especially drawn to the IPA's function-first B cell

Selection discovery. Also, our unique immunization method has been a key draw, and that includes our proficiencies with alternative species and strains as well.

**Operator**

Is it reasonable to think one or more assets from the pipeline could be sold this year?

**Dr. Jennifer Bath**

Great question, and this is a whole-hearted and full force front-and-center goal from our strategic planning meetings this year. So yes, we do. We believe that—here within our Fiscal Year '23 strategic initiatives, we've actually identified two best-in-class Talem assets that were mentioned earlier in the presentation that are ready for active partnering. We have two additional first-in-class assets that we've identified that have interested parties that are currently in discussion, where we will perform only a minimal amount of work that is needed for additional functional studies to reach a particular inflection point.

We've identified quite specifically exactly which assets we will be going out to ensure we have out-licensing opportunities here in the current fiscal year, and we believe it's reasonable that we would see two out-licensing arrangements finalized this fiscal year.

**Operator**

Does the Company feel the current economic scenario, like supply constraints, China lock downs and so forth, could impact the business and forecasts in any material ways going forward?

**Dr. Jennifer Bath**

That's a great question. We get that one a lot, and we've actually participated in a number of larger group meetings in our industry and related industries, just to keep an eye on what is happening out there with inflation and challenges in distribution channels. We don't believe that we will have any negative impact to our business and any material changes. The one impact that we have seen over the last year is some increases in the cost of raw materials and reagents, which we accounted for with line item increases, so we're definitely on top of that to prevent any negative impact to IPA in particular. Apart from that, we've (inaudible) no impacts.

**Operator**

Our next question comes from Sep with Eight Capital. Can you provide some updated timelines on the capacity buildout plans?

**Dr. Jennifer Bath**

Sure. Yes. Absolutely, and thanks for that question, Eight Capital.

We have a couple of capacity buildouts, so I'll touch on a couple of them just to make sure that I answer this question accurately here for you.

The first capacity that we have, the capacity buildout we have, is for Utrecht, who's definitely operating, from manufacturing perspective, at max capacity. The Utrecht facility, as I mentioned previously, will be moving into their new building in mid-October. The timing of the buildout in Oss depends on one key factor, which is whether or not we commit to the GMP build. If we do not do the GMP build, the new facility is actually Q1 of Calendar Year 2024. If we do decide to do the GMP manufacturing route

supported by the aforementioned recent funding, then they have identified the building already. The construction of that building has begun, and it would be completed in Q1 of the Calendar Year 2025.

**Operator**

Sep with Eight Capital would also like to know, what is the average duration for the contracts and projects you are currently servicing? How should investors think about how IPA is likely to finance PolyTope Phase 3 trials? I'm assuming partnering, asset sales, or new share issues are the main options.

**Dr. Jennifer Bath**

Okay, a couple of different topics in there. For the duration of contracts and projects, we don't, presently in our CRM, break individual programs down by project, which would require a tracking system based on the actual target that is being addressed, along with a tagging system of the exact company. But with regard to the duration of any particular contract, which might be an individual stage of one larger program, those contracts typically last up anywhere from three to five months. That might be the first, second, or third, or maybe even fourth or fifth stage of an ongoing program that typically gets divided into specific stages, which at the end inform the next stage of the program.

As far as how investors should think about IPA financing PolyTope Phase 3 trials, we addressed this a little bit with one of the earlier questions. But our plan is to take PolyTope TATX-03 through Phase 1, possibly 2a, and we believe that the program will be sponsored or out-licensed prior to later-stage clinical trials.

**Operator**

Sep with Eight Capital also asked, what was the trailing revenue run rate of BioStrand? Online sources say $5 million. Can you characterize the profitability benchmarks for the earnout?

**Dr. Jennifer Bath**

Sure. Great question, Sep.

First of all, the revenue run rate of BioStrand is pretty much close to nil, as they were primarily pre-revenue at the date of the acquisition. We were able to capture BioStrand as they were completing some of their core coding modules, but prior to putting a lot of emphasis on the user interface for the software-as-a-service offerings to clients.

As far as the earnouts with regard to BioStrand management, the earnout possibility is based on positive Adjusted EBITDA, wherein the Management has the potential to earn up to 12 million euros over a seven-year period. But that is by earning 20% of the positive annual Adjusted EBITDA, which we defined as the EBITDA minus any revenue derived from the sale of the operating corporations to an affiliate of IPA. In other words, intercorporation revenue is removed from EBITDA in our adjustment.

**Operator**

There are no further questions. I'll turn the call back over to Jennifer for any closing remarks.

**Dr. Jennifer Bath**

Thank you, Chantel, and thank you to everyone for joining us today.

Before we close, I'd like to make one last announcement. It is quite bittersweet, this (phon), as I recognize my trusted colleague and friend, Lisa Helbling, who has announced her intention to retire after her incredibly impactful service over the past four years as IPA's CFO. Lisa is one of the most diligent and effective and respected leaders I've ever had the good fortune of working with. She championed massive initiatives within IPA, including corporate restructuring, acquisitions, and the global implementation of the CRM and ERP, to name just a few. Having said that, I'd like to use this opportunity to publicly thank her for everything she has meant to IPA and to me personally. Lisa, I and all of IPA wish you good health and every happiness as you start this new chapter.

We are pleased to announce that Brad McConn will be transitioning into the CFO position upon Lisa's retirement. He's had the opportunity to grow into the position under Lisa's mentorship over the last two years, allowing for a seamless transition of her roles and responsibilities. Brad's broad range of expertise in finance and accounting, coupled with strong mathematical and analytical skills, make him a great fit for this position, and we're excited to welcome him to the role.

To close the call, I'd like to thank each of you. We're grateful for your support, and we're enthusiastic about the opportunities that lie ahead in the Fiscal Year 2023.

**Operator**

Thanks, Jennifer. That concludes today's conference call. If you'd like to listen to a replay of the call, please visit their new website address at ipatherapeutics.com. Thank you again for joining us.